

KEPPEL OPP'N EXH. 92

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Subject: Baruscuo leaves Petrobras

Sete Brasil Managers



José Ferraz and Pedro Barusco to be CEO and Operations director, respectively, responsible for building deep water drilling rigs in Brazil

**Exhibit
PL 0062**

The positions of CEO and Chief Operating Officer (COO) of **Sete Brasil** are to be occupied by José Ferraz, currently Finance manager, and Pedro Barusco, executive manager of Engineering, both of Petrobras. Although the indications have not yet been confirmed officially.

Sete Brasil and the Petrobras National Drillship Program

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Sete (Seven) Brasil is the newest Petrobras offspring. The the new private company was launched to administer the 28 drillships that Petrobras will order. The tender process for the first seven orders was won by EAS shipyard, located in the Suape Complex, close to the city of Recife, in the Northeast State of Pernambuco. The total price for these seven drillers adds up to \$4.637 billion, which means a \$13 million discount from the original proposal. The final price for each driller is pegged at around \$662 million and the drillers are scheduled to start operations by 2015.

During construction the forecast is for 32 thousand direct and indirect job openings. In its operational phase, the forecast is for 10 thousand direct and indirect jobs for a period of 10 years. It's important to note that EAS works in partnership with Korean major shipbuilder SSI, thus guaranteeing high quality products, as deepwater driller such as these are complex to build and demand high quality standards.

All 28 drillships are part of Petrobras's long term drilling program, which gives priority to the wells that need to be drilled in the deepwater pre-salt.

In a bid to reduce costs that may increase its debt, Petrobras started six months ago to plan for a separate company to administer the drillers. Petrobras will have a maximum of 10% participation in Sete Brasil, the other investors will be pension funds such as Petros, Previ, Funcef, FI-FGTS and Valia, along with two banks, Santander and Bradesco. The total capital administered by Sete in order to manage the drillship construction process may reach \$30 billion. According to Petrobras, Sete may also become owner and manager of the drilling equipment, which in most cases will still need to be imported, as there is very little drilling equipment being manufactured in Brazil. Sete will also be free to seek national and international financing and insurance. Another important aspect of the new company is that it will not have any Petrobras executives on its pay roll, all executives and employees will be brought in from the market. The name "Sete" was chosen by Petrobras's Director of Investor Relations, Almir Barbassa in allusion to the seven seas. With these massive budgets, Sete will have to deal with serious transparency issues, as many of the investment funds noted above have government ties. This will require stringent auditing policies and independent oversight.

The tendering process call for the ordering of four groups composed of seven drillers each. Therefore the looser in this first tender still have a good chance of being awarded orders. Some of the shipyards trying to get orders are Brasfels, the Alusa-Galvão partnership, Singapore's Jurong (which plans to build a yard in the state of Espirito Santo and the new OSX yard which is being build in the north of Rio de Janeiro in a partnership with the Korean giant HHI.

When Sete Brasil starts operations in 2011, it will enter the market as the first Brazilian drillship operator and one of the five biggest drilling companies in the world, in terms of quantity of ships.

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